



7535-01-U

NATIONAL CREDIT UNION ADMINISTRATION

Agency Information Collection Activities: Submission to OMB for reinstatement, with change, of a previously approved collection; Comment Request.

AGENCY: National Credit Union Administration (NCUA).

ACTION: Request for comment.

SUMMARY: The NCUA intends to submit the following information collection to the Office of Management and Budget (OMB) for review and clearance under the Paperwork Reduction Act of 1995 (Public Law 104-13, 44 U.S.C. Chapter 35). This information collection is published to obtain comments from the public. Part 712 of the National Credit Union Administration's (NCUA) regulations implements authority in the Federal Credit Union Act relating to federal credit union (FCU) lending or investment activity with credit union service organizations (CUSOs). The rule addresses NCUA's safety and soundness concerns for activities conducted by CUSOs and imposes certain recordkeeping obligations on FCUs that have relations with or conduct operations through CUSOs. The rule also imposes regulatory limits on the ability of FCUs to recapitalize their CUSOs in certain circumstances. Although the CUSO rule generally only applies to federal credit unions (FCUs), the rule extends to all federally insured credit unions the provisions ensuring that credit union regulators have access to books and records and that CUSOs are operated as separate legal entities; however, the rule also contains a procedure through which state regulators may seek an exemption from

the access to records provisions for credit unions in their state. NCUA has no direct regulatory authority over CUSOs.

DATES: Comments will be accepted until [60 Days after the publication].

ADDRESSES: Interested parties are invited to submit written comments to the NCUA Contact and the OMB Reviewer listed below:

NCUA Contact: Tracy Crews
National Credit Union Administration
1775 Duke Street
Alexandria, Virginia 22314-3428
Fax No. 703-837-2861
E-mail: OCIOFRA@ncua.gov

OMB Contact: Office of Management and Budget
ATTN: Desk Officer for the National Credit Union Administration
Office of Information and Regulatory Affairs
Washington, DC 20503

FOR FURTHER INFORMATION CONTACT: Requests for additional information, a copy of the information collection request, or a copy of submitted comments should be directed to Tracy Crews at the National Credit Union Administration, 1775 Duke Street, Alexandria, VA 22314-3428, or at (703) 518-6444.

SUPPLEMENTARY INFORMATION:

I. Abstract and request for comments

NCUA is amending/reinstating the collection for 3133-0149.

Requirements in the rule are:

- i) The credit union must obtain a written agreement from the CUSO, before making a loan to or investment in the CUSO, that the CUSO will: follow

generally accepted accounting principles (GAAP); will prepare financial statements at least quarterly and obtain an annual opinion audit from a certified public accountant; and agree to provide access to its books and records to the NCUA;

- ii) The credit union must obtain a written legal opinion confirming the CUSO is established in a legally sufficient way to limit the credit union's exposure to loss of its loans or investments in the CUSO;
- iii) Any FCU that is less than adequately capitalized must seek NCUA approval before recapitalizing a CUSO that has become insolvent.

These requirements enable NCUA to monitor an FCU's involvement with its CUSO for safety and soundness purposes and help to assure that CUSOs are properly established and maintained in accordance with applicable state law.

The burden of this rule has decreased. The timeframe for credit unions to amend existing agreements with their CUSOs is over, thus eliminating the initial burden of the rule as approved in 2008.

The information collection requirements now are one-time obligations that help NCUA assure the continued safety and soundness of the industry. The rule also requires certain less than adequately capitalized FCUs to obtain NCUA's prior approval before re-capitalizing an insolvent CUSO, helping minimize the risk of loss to the National Credit Union Share Insurance Fund (NCUSIF).

The NCUA requests that you send your comments on this collection to the location listed in the addresses section. Your comments should address: (a) the necessity of the information collection for the proper performance of NCUA, including whether the information will have practical utility; (b) the accuracy of our estimate of the burden (hours and cost) of the collection of information, including the validity of the methodology and assumptions used; (c) ways we could enhance the quality, utility, and clarity of the information to be collected; and (d) ways we could minimize the burden of the collection of the information on the respondents such as through the use of automated collection techniques or other forms of information technology. It is NCUA's policy to make all comments available to the public for review.

II. Data

Title: 12 C.F.R. Part 712, Credit Union Service Organizations (CUSOs).

OMB Number: 3133-0149.

Form Number: None.

Type of Review: Reinstatement, with change, of a previously approved collection.

Description: This rule helps ensure that relationships that credit unions have with credit union service organizations are adequately and properly documented.

Respondents: Federal credit unions.

Estimated No. of Respondents/Recordkeepers: 148 (133 written agreements plus 15 waivers).

Estimated Burden Hours Per Response: 2 hours total.

Frequency of Response: On occasion.

Estimated Total Annual Burden Hours: 562 hours.

Estimated Total Annual Cost: 562 hours x \$31.56/hr, or \$17,737.

By the National Credit Union Administration Board on _July 30, 2013_____.

Gerard Poliquin
Secretary of the Board

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